

Information Sheet

AmerenUE Request For Rate Increase

(Case No. ER-2010-0036)

Introduction: The Missouri Public Service Commission.

The Missouri Public Service Commission regulates investor-owned electric, natural gas, steam, water and sewer and telephone companies. The commission ensures the public has access to safe, reliable and reasonably priced utility service. The commission balances the interests of the public – ratepayers – as well as company shareholders. In proceedings before the commission, rates are set to give the utility company an opportunity – but not a guarantee – to earn a reasonable return on its investment after recovering its prudently incurred expenses.

In addition, the commission regulates the state's rural electric cooperatives and municipally-owned natural gas utilities for operational safety. The commission also oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives and municipally-owned electric utilities as well as those involving privately-owned water utilities, public water supply districts and municipally-owned water districts.

Utility services and infrastructure are essential to the economy of Missouri. Virtually every Missouri citizen receives some form of utility service (electric, natural gas, telecommunications, water or sewer) from a company regulated by the Missouri Public Service Commission.

When did AmerenUE file its request and what is the company seeking?

AmerenUE filed its request before the Missouri Public Service Commission on July 24, 2009, seeking to increase electric rates by 18 percent to collect approximately \$402 million additional revenues per year.

According to the company, nearly half of the request is driven by investments made to continue system-wide reliability improvements for customers, higher financing costs and increases in costs essential to generating and delivering electricity. The remainder of the request (slightly more than half) is to cover higher fuel costs and lower revenues from sales outside AmerenUE's system.

Other features of the request include:

- An Environmental Cost Recovery Mechanism (ECRM) which would allow recovery of federal or state required environmental investments between rate cases.
- Continuing the fuel cost recovery mechanism previously approved by the Public Service Commission in the company's last rate case.

Who are the parties in this case?

- 1. AmerenUE (the applicant).**
- 2. The staff of the Missouri Public Service Commission.**
 - a. Staff is a neutral party who proposes a position that it believes will be the best balance between the needs of the utility and the needs of the public.
- 3. The Office of the Public Counsel.**
 - a. The Office of the Public Counsel represents the general public, most specifically residential and small business customers.
- 4. Consumer Council of Missouri**
- 5. AARP**
- 6. Missouri ACORN**
- 7. Missouri Retailers Association**
- 8. Industrial Brotherhood of Electrical Workers Locals 2, 309, 649, 702, 1439 and 1455**
- 9. International Union of Operating Engineers, Local 148**
- 10. Missouri Joint Municipal Electric Utility Commission**
- 11. Natural Resources Defense Council**
- 12. Missouri Department of Natural Resources**
- 13. City of O'Fallon**
- 14. City of Rock Hill**
- 15. City of University City**
- 16. St. Louis County Municipal League**

What is the staff of the Missouri Public Service Commission recommending in this case?

The staff of the Missouri Public Service Commission has recommended AmerenUE's revenues should be increased by as much as \$218.2 million to \$250.8 million per year, based on a return on equity (ROE) range of 9% to 9.70%. Approximately \$200 million of staff's recommendation is from changes in net fuel costs.

The recommendation of the staff of the Missouri Public Service Commission is included in its Revenue Requirement Cost of Service Report filed on December 18, 2009, as corrected by an erratum filed on December 21, 2009. This amount could change with the updating of information as the case moves forward.

Major Issues

- **Return on Equity (ROE)** -- (Issue Value: \$100 million difference) based on the rate base presented by AmerenUE. The staff is recommending a midpoint of 9.35%; AmerenUE is seeking 11.50%. Generally speaking, return on equity is shareholder profit on investment in the company.

- **Fuel, Purchased Power and Off System Sales** – (Issue Value: \$44 million difference). The majority of this difference relates to the different levels of fuel expense and off-system sales determined by AmerenUE and the staff.
- **Payroll and Benefits** – (Issue Value: \$17 million difference). A significant portion of this difference relates to the inclusion of the effects of the voluntary and involuntary separation programs, which are reflected in the staff's case, but occurred well after the company filed its direct testimony. In addition, the level of benefits determined by AmerenUE is based on its 2009 budget, while the staff's level is based on actual data through September 30, 2009.
- Other significant issues regarding power plant maintenance, depreciation expense and the cost of short-term debt financing.

Has the commission decided this case?

No. The commission will review all of the information filed in this case and then render a decision based on the evidence. By law, the commission has 11 months from the company's filing to make a decision.

Hearings are scheduled for March 15-19, 2010 and March 22-26, 2010. These hearings will be held in Room 310 of the Governor Office Building in Jefferson City, 200 Madison Street.

The evidentiary hearing is open to the public, however, public comment is not allowed when evidence is being taken during this portion of the case. Parties in this case have filed testimony and may present additional testimony through cross-examination if no settlement is reached.

Only witnesses who have been subpoenaed, filed testimony in the case, or are otherwise called to appear, will be allowed to testify during the evidentiary hearing. (The hearing will be broadcast over the Internet -- www.psc.mo.gov -- click the "Watch Meetings/Hearings" link on the right side of the page).

What is the purpose of a local public hearing: May I testify?

Yes. You may testify or you may submit a written statement. This local public hearing gives you the chance to express your opinions, concerns and requests on the record.

A court reporter will transcribe a record of everything that is said. Your comments at today's hearing will become part of the case record.

To avoid repetitive testimony, and provide input from everyone in attendance, a group may choose to identify an individual or two or three people to speak on behalf of the entire group. If you wish to do so, please notify the judge at the beginning of the hearing. The judge will then allow those speakers an expanded time period in which to speak on behalf of the entire group. At the end, the group can offer a list of names of the members who wish to go on record

as joining in the comments of those speakers. That list will also be a part of the permanent record.

Will I be able to ask the commissioners questions during the local public hearing?

No. You may express your concerns to the commission, but the commissioners will not be able to answer your questions. The commissioners are acting as judges during this hearing, and have not yet decided this case. They are prohibited, by law, from expressing an opinion until they have heard all of the evidence.

May I ask questions of the other parties?

During the actual hearing, questions may be asked by the judge and commissioners -- and they will only ask questions of the witness who is currently testifying. Only one person can testify at a time.

There will be an information session before the hearing. **You should take the opportunity to ask questions** of the other parties during that 30-minute information session. You may be able to continue your conversation with the other parties after the local hearing is over.

**Written comments may be mailed to:
Public Service Commission, P.O. Box 360
Jefferson City, MO 65102-0360**

Send electronically to: pscinfo@psc.mo.gov

**Or through the commission's website:
WWW.PSC.MO.GOV
(Please include a reference to the case number ER-2010-0036)**

**Office of the Public Counsel
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opcservice@ded.mo.gov
(Please include a reference to the case number ER-2010-0036)**

PSC TOLL-FREE HOTLINE: 1-800-392-4211